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How to Tell the Recession's Finished: An Economy Watcher's Guide

John S. Austin, Research Associate
UNL Bureau of Business Research

Just as it took time for economists to agree that the economy had entered a recession, it will take time before economists agree that the recession has ended. This article details some early signs that indicate a recovery is underway.

Economists often are pressed to state what a particular data series indicates about the nation's economic health. The single most appropriate indicator is change in Gross National Product (GNP). As a rule of thumb, a recession is determined by two or more consecutive quarters of decreasing real GNP. Unfortunately, quarterly GNP figures are not available for several months and are subject to frequent revisions.

An ideal leading index would detect future changes in GNP. The perfect indicator would be reported in a timely manner, would be available frequently enough to distinguish early changes in GNP, and would be highly reliable. Unfortunately, such an indicator does not exist. We are forced to look at several less-than-perfect indicators in our role as economic detective.

In searching for signs that the recession has ended, we must examine indicators associated with change. Large components of the economy, however, often are characterized by steady growth—the consumption of services is an example.

These large, steadily-growing components admittedly are important to the economy, but they are not helpful in detecting change. We often look at a series that is only a small part of the total picture, such as auto sales. The level of auto sales is a small part of total GNP, but a big part of the change in GNP.

We first will examine three series that are good predictors of future economic activity. We then will explore other data that provide good information on the current state of the economy, note commonly used indicators of questionable value, and comment on the index of leading indicators and the stock market, two frequently misused indicators. We briefly will discuss two broad measures of economic health.

Leading Indicators

A leading economic indicator provides information on future changes in the economy.

Consumer Confidence

There are two indexes of consumer confidence, one from the University of Michigan and one from the

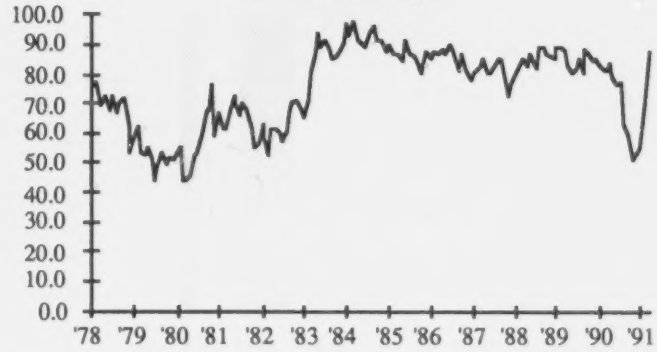
State Economic Scoreboard

Change from same month one year ago
See Review and Outlook for more details

	State	Metro+	Nonmetro
Motor Vehicle Sales (December) Constant $	-0.8%	-4.8%	2.5%
Nonmotor Vehicle Sales (December) Constant $	-5.8%	-9.0%	-2.3%
Building Activity (December) Constant $	-3.4%	-11.3%	6.0%
Employment (February)	3.0%	3.3%	2.8%
Unemployment Rate* (February)	2.8%	2.6%	3.0%

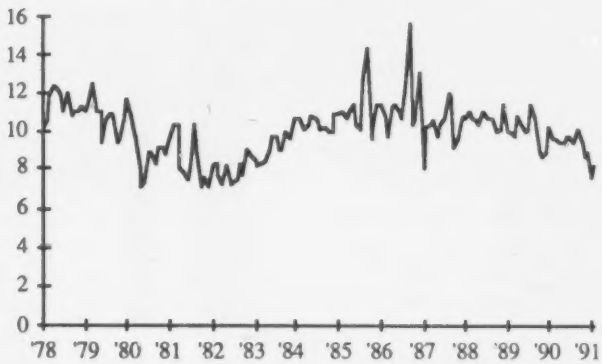
+Omaha and Lincoln. *Unemployment is this month's rate, not a percent change from year ago

Figure 1
Consumer Confidence Survey
University of Michigan



U.S. Dept. of Commerce, Bureau of Economic Analysis, Survey of Current Business. Shaded areas represent recessions

Figure 2
Auto Sales
(millions of units, SAAR)



Source: Survey of Current Business. SAAR = seasonally adjusted at annual rates. Shaded areas represent recessions

Conference Board. These indicators are consistent leading indicators of the economy. Each immediately identified the collapse in consumer confidence in August 1990 when Iraq invaded Kuwait (Figure 1). A collapse in consumer spending soon followed.

Both indexes are good short-term indicators of forthcoming changes in consumer spending. These indexes recently have reversed and are heading upward.

Automobile Sales

The auto sales level long has been used as a barometer of the overall strength of consumer spending. Automobile sales data are released shortly after the month has ended. The data are seasonally adjusted at annual rates—we can see quickly and easily whether there has been a real change from the previous month.

A drop in auto sales tends to lead a recession, while an increase in sales is associated with the end of a recession (Figure 2). The auto sales series is a consistent leading indicator and provides timely and accurate information on an industry vital to economic recovery.

Housing Starts

The single most volatile component of the investment sector is housing. The number of housing starts is a good indicator of future housing construction activity and of overall economic activity. Housing starts for the first few months of the year can be distorted by weather patterns, however; we must be cautious in using data from the first quarter.

Housing starts are presented in Figure 3. The overall downturn in housing in the current economic cycle started four years ago. A drop in housing starts can occur long before a downturn in the economy. The number of housing starts is a good leading indicator, but it may not pinpoint the timing of an upturn.

Coincident Indicators

A coincident indicator tells us where we currently are in the business cycle.

The Industrial Production Index

Industrial production is an important sector in the economy, but its long-term importance has been decreasing for some time. Like automobile sales, industrial production is a small but volatile component of GNP.

Although the industrial sector is small in employment, it is large in terms of value added to the economy. Value added is the net contribution of a sector above material input costs—the total of labor costs and profit.

The index of industrial production produced by the Federal Reserve Board is an indicator of overall industrial strength. The Industrial Production Index is available in a timely manner and is seasonally adjusted.

Industrial performance is not a leading indicator of future performance, however, but a coincident indicator of current period performance. In other words, it doesn't tell us where we are going, it simply tells us where we are in the business cycle.

Real Disposable Income

Real disposable income is personal income after federal taxes, adjusted for inflation. Real disposable income reveals changes in the ability of consumers to make purchases. It is a good indicator of current conditions.

Data on real disposable income accompany the personal income release. Personal income data are the focus of more media attention, but these data are not adjusted for tax changes or inflation. Real disposable

income is an accurate and timely coincident indicator of economic activity.

Questionable Indicators

There are hosts of indicators not listed above. Some are worthwhile, but obscure. Others are used commonly, but are deficient . A common flaw is noise in the theoretical indicator. A noisy series contains random change that obscures the overall direction of the series.

A common cure for the noisy series is to use less frequent data. A monthly series may be noisy, while the quarterly version of the series may be more stable.

Ten Day Auto Sales Report

This is an up-to-the-minute report—auto sales are reported three times per month. The series is noisy and is not seasonally adjusted. Comparisons to a year ago are available, but it is difficult to tell if current month's sales are better or worse than preceding month's sales.

Department Store Sales

Another timely series, but one that provides information only on sales of large chain stores, is the department store sales report. One necessary adjustment is an adjustment to same store data. This manipulation removes the bias of sales growth caused by expansion of the number of outlets. The report is of interest to members of the industry, but must be used cautiously as an overall measure of economic performance.

Retail Sales (BEA)

Another measure of retail activity is the U.S. Department of Commerce retail sales report. This seasonally adjusted series is more comprehensive than the department store sales report. The series should be adjusted for inflation. The retail sales report is not a consistent indicator, however, so the series has limited value in interpreting economic conditions.

Nonresidential Investment

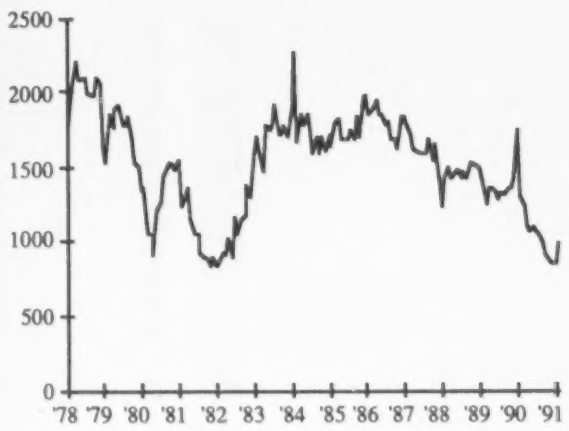
Investment is a key building block in the economy. Therefore, many persons think that nonresidential investment is a leading indicator. It isn't. There are two major parts of nonresidential investment: plant (structures) and equipment.

Investment in durable equipment is either coincident with the business cycle or lags the cycle, depending on the stage of the cycle. Investment in plant is a consistent lagging indicator.

Manufacturers' New Orders

The orders series is a leading indicator, but noise in the series makes underlying trends hard to follow. The companion series for unfilled orders is a consistent leading indicator that is less noisy.

Figure 3
Housing Starts
(millions of units, SAAR)



Source: Survey of Current Business. SAAR = seasonally adjusted at annual rates. Shaded areas represent recessions

Two Commonly Misused Indicators

The Index of Leading Indicators

One can be cynical discussing the index of leading indicators. The old adage "it doesn't lead, and it doesn't indicate" contains a germ of truth. There are several false signals given by the index, but the index is cited widely and repeatedly as an important gauge of future activity.

Information in the index is stale by the time it is released. Even those who release the leading indicators argue that the index must change direction for three to five consecutive months before a new trend can be identified.

The value of the leading indicators is the index's component parts. We have mentioned some of these. More information is contained in the BEA's monthly publication, *The Survey of Current Business*.

The Stock Market

The biggest problem with many stock market indexes is misuse. The daily or hourly stock market index series is simply too noisy to have any value as a leading economic indicator. A month's average of the 500 stock index is a consistent leading indicator and contains valuable information about the future.

Unfortunately, no one focuses on the month's average. Instead projections of the future are based on the forecaster's latest look at the index. A parallel would be to use one day's newspaper headlines to make a ten year

forecast. The day-to-day change in the stock market is not a reliable indicator of future economic conditions, but long-run average stock market levels may be useful.

Measures of Economic Health

Measures of economic health are not leading or coincident indicators *per se*, but are data that provide useful information on the state of the economy.

Inflation Rates

Because it is timely and covers a broad range of goods and services, the most useful overall measure of inflation is the Consumer Price Index (CPI). Because price changes tend to be somewhat sticky, inflation rates are not particularly good economic indicators of future activity.

Inflation does provide good information on the overall status of the economy. High inflation rates are associated with the start of recession. Inflation rates tend to remain high in the early stages of a recession and, thus, have little value as a leading indicator. Low inflation rates often are associated with high rates of real growth.

Interest Rates

Similar to inflation rates, interest rates are not good leading indicators, although interest rates also yield useful information about the general health of the economy. High interest rates are linked with the start of recessions, but may remain high after the recession is underway. Thus, changes in interest rates may lag changes in the economy.

Interest rates can be useful in determining the direction of monetary policy. The federal funds rate, a short-term interest rate on loans between banks, is a good barometer of Federal Reserve Policy. Fed policy determines the supply of money to the economy. Money is the grease that keeps the economic wheels turning.

Although the federal funds rate may be of little relevance to the average individual, the Federal Funds Rates tends to be tied to other interest rates. Changes in the federal funds rate can lead to changes in other interest rates.

Summary

How do we know when the recession is over? Unfortunately, the answer is not straightforward. Determining the current state of the business cycle is as much an art as a science.

My recommended method is to monitor the leading indicators I have suggested and any others you know to be good leading indicators. When they signal that an upturn is coming, monitor the coincident indicators. Remember that leading indicators may rise long before the economy does and that not all leading indicators will gain at the same time. Similarly, not all coincident indicators will change in the same month.

After the economy has turned the corner, GNP data can be used to verify the upturn. At about the same time, the index of leading indicators may register continuing increases.

We have seen a dramatic one month rise in consumer confidence and housing starts. Auto sales have yet to respond. I conclude that we are receiving early signals that a recovery is forthcoming. By the time this report reaches you, there should be even more confirmation of the early indicators.

In contrast to the good news from some of the leading indicators, it is likely that the first quarter 1991 GNP report at the end of this month will verify the old news of a continued downturn. At this point, it is an even bet whether second quarter 1991 GNP will increase or decrease. We will keep you posted in the "Review and Outlook" column of *Business in Nebraska*.

On a more personal level, determining whether a recession or recovery has occurred is easy. If we remain employed and our income is secure, then we are in a period of prosperity. If we become unemployed and our financial situation deteriorates quickly, we are in a personal recession.

It is often hard for an individual to see a link between a personal recession and the national economic cycle. The overall tendency of employers to add or subtract from their labor force, however, can and will be influenced by general economic conditions.

John's Favorite Indicators

Leaders
Consumer Confidence
Auto Sales
Housing Starts

Coincident
Industrial Production
Real Disposable Income

Measures of Economic Health
Inflation Rates
Interest Rates

Note: Leading indicators tell now what may happen in the future. Coincident indicators tell where we are now. Measures of economic health provide more information on the economy and must be viewed in the overall context of the business cycle.

Of Course(s)

Merlin W. Erickson, Research Associate
UNL Bureau of Business Research

The National Golf Foundation (NGF) recently reported that approximately 600 new golf courses were completed across the nation during the past two years. (290 opened in 1989, and 281 opened during January-November 1990.) This brings the total number of courses in the United States to 13,951.

The number of golf courses in Nebraska totals 173. The West North Central states (WNC) have a total of 1,670 courses. The West North Central region includes Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota.

The following table shows the number of courses, by various categories, and the number of holes for the U.S., WNC, and Nebraska. The WNC states and Nebraska have more than twice as many 9 hole courses as 18 hole courses. The U.S. has a higher rate of 18 hole courses.

Comparing the number of courses and holes with the 1990 population for each of the three areas shows that Nebraskans have about twice as many golf courses per 10,000 population as the nation as a whole. Likewise, the number of holes per 10,000 residents for Nebraska exceeds the same measure for the West North Central states and for the nation. The relative abundance of golfing opportunities in Nebraska may be a positive boost for the state's tourism program.

In addition to the above, 558 courses were under construction and an additional 773 courses were in the planning stage across the U.S. during 1990. Included in these national totals are golf courses under construction or in planning stages for Nebraska.

NGF research shows that the demand for golf in the U.S. is likely to require upwards of 400 new courses per year though the 1990s. That's at least one new course per day for the next ten years.

Table 1
Golf Courses and Holes

	Nebraska		WNC		U.S.	
	Courses	Holes	Courses	Holes	Courses	Holes
Item:						
Total	173	1,971	1,670	19,737	13,951	201,213
9 Hole	127	1,143	1,147	10,323	5,545	49,905
18 Hole	46	828	523	9,414	8,406	151,308
Regulation	147	1,170	1,503	18,027	12,403	183,168
Executive	14	144	88	936	808	9,882
Par 3	12	117	79	774	740	8,163
Per 10,000 Population	1.10	12.5	1.00	11.9	0.56	8.1

Women–Owned Businesses are Flourishing

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UNL Bureau of Business Research
Lisa Valladao
UNL Bureau of Business Research

About 30 percent of the nation's businesses were owned by women in 1987 according to a survey by the U.S. Department of Commerce, Bureau of the Census. The number of women–owned businesses in the U.S. totalled 4.1 million in 1987, up from 2.6 million in 1982, a jump of 57 percent. This increase was four times the 14 percent growth for all businesses from 1982 to 1987.

In 1987 women-owned businesses had receipts of nearly $280 billion, about 14 percent of the U.S. total.

The Census Bureau survey included individual proprietorships, partnerships, and Subchapter S corporations and excluded regular corporations. Corporate ownership changes often and, therefore, is difficult to determine in terms of gender.

The number of businesses in Nebraska owned by women climbed from 22,746 in 1982 to 32,285 in 1987, an increase of nearly 42 percent. In 1987, women–owned businesses accounted for 31 percent of all businesses in the state.

Sales for women–owned businesses in Nebraska more than doubled from 1982 to 1987. Sales and receipts to women–owned businesses amounted to about $1.6 billion in 1987, 14 percent of the total for all firms.

The number of women–owned firms in Nebraska with paid employees increased 75 percent, and the number of employees increased 90 percent from 1982 to 1987. Payrolls increased more than 200 percent, to $234 million, during the same period. Firms with paid employees contributed approximately 83 percent of the total sales of women–owned businesses in Nebraska.

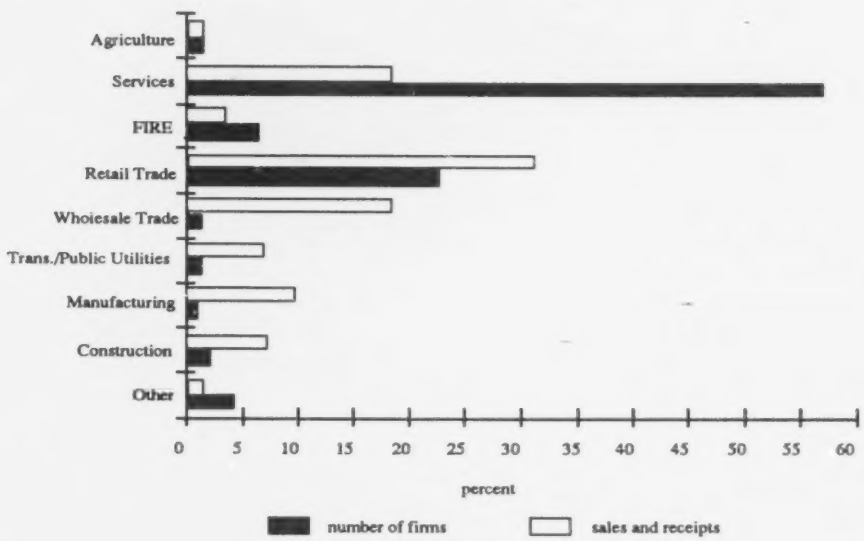
Firms owned by women generally are small and tend to be concentrated in personal and business services and retail trade. In 1987, 57 percent of Nebraska firms owned by women were classified as service businesses. These firms accounted for 19 percent of sales.

A low sales ratio does not necessarily imply low profitability. Service-oriented businesses tend to have minimal operating costs compared to other industries. Overall profitability may be considerably higher than the sales numbers indicate.

Twenty-three percent of women–owned firms in Nebraska were classified as retail trade. These retail firms accounted for 32 percent of sales. Although only 2 percent were classified as wholesale trade, these firms accounted for 19 percent of total sales. Figure 1 shows the distribution of women–owned businesses in Nebraska by industry.

Not surprisingly, the largest numbers of women–owned firms were located in the most populous counties, Douglas, Lancaster, and Sarpy.

Figure 1
Women-Owned Businesses by Industry in Nebraska, 1987



FIRE = Finance, Insurance, and Real Estate

Review and Outlook

John S. Austin, Research Associate
UNL Bureau of Business Research

The National Outlook
Stage Set for Recovery

Recent news indicates that conditions are ripe for the start of an economic recovery. The 1990-1991 recession will be short and shallow, barring unforeseen events in the Middle East.

Perhaps one of the biggest positive signs in recent weeks is the return of consumer confidence. The Conference Board Index in March rose to 81.0, up from 59.4 in February. This increase of 36 percent is the largest single jump in the history of the index. The University of Michigan survey also showed a large increase in February. Just as the onset of the drop in consumer confidence coincided with the onset of the Middle East war, the recovery in consumer confidence coincides with the end of the Middle East crisis.

The boom in consumer confidence has not yet affected automobile sales. Sales through mid-March are still consistently below year ago levels.

The returning troops may be a source of economic activity. Those in reserves will be returning to their civilian jobs. Those who have been stationed in the desert for six months likely will have ample cash reserves that can be translated into purchases of all kinds, perhaps including new cars.

We also had good news in housing in February. Housing starts were up 16.4 percent, although the level of housing starts remains below 1,000,000 units. It is too soon to label this a trend, especially given that housing start figures for the early months of the year must be viewed cautiously. Nevertheless, conditions look good for sustained increases in housing starts. Incomes have not suffered that much during the recession, and mortgage rates are hovering near 9.5 percent, the lowest rate in four years.

Although the stage may be set for a recovery in single family housing, it may not occur in the multifamily housing area. Problems remain from the 1986 tax law, Investment housing now is required to stand on its ability to produce rental income rather than on its status as a tax dodge. There will be exceptions for specific localities where demand for housing is high and rents more than compensate construction costs.

There is further good news in the inflation area. The Consumer Price Index (CPI) in February rose a scant 0.2 percent, while the Producer Price Index (PPI) fell 0.6 percent. Both of these indexes reflect continued drops in energy costs. On a more pessimistic note, the core rate of inflation (excluding food and energy) measured by the CPI increased 0.7 percent in February. Most likely, nonenergy businesses are passing some of their increased costs to consumers.

Monetary conditions also remain good. The federal funds rate is now at 6.0 percent, indicating that the Federal Reserve wants to stimulate the economy.

Adjusted CPI for Nebraska's Taxable Retail Sales

In this issue of *Business in Nebraska*, we are initiating a new price index for Nebraska's net taxable retail sales. The index was developed by taking weighting patterns from the national Consumer Price Index (CPI) and deleting items that are not taxed in Nebraska. The result is a more representative index for Nebraska's taxable retail sales. This adjusted CPI was used to calculate constant dollar retail sales, as displayed in Figure II.

We will present more details on the adjusted CPI in upcoming issues of *Business in Nebraska*.

Table I
National Indicators

	Annual		Quarterly (SAAR)				
	1989	1990	1989:IV	1990:I	1990:II	1990:III	1990:IV
Real GNP (% change)	2.5	0.9	0.3	1.7	0.4	1.4	-1.6
Real Consumption (% change)	1.9	1.0	-0.8	1.1	0.2	2.7	-3.4
Housing Starts (millions)	1.3	1.2	1.3	1.4	1.2	1.1	1.0
Auto Sales (millions)	9.9	9.5	8.7	9.7	9.5	9.7	8.9
Interest Rate (90 day T-bill)	8.1	7.5	7.6	7.8	7.8	7.5	7.0
Unemployment Rate (%)	5.3	5.5	5.3	5.3	5.3	5.6	5.9
Money Supply, M2 (% change)	3.7	5.2	7.4	6.3	4.0	3.0	2.3
Industrial Production Index (1987=100)	108.1	109.2	108.1	108.3	109.4	110.5	108.4

NOTE: SAAR—seasonally adjusted at annual rates
Source: Bureau of Economic Analysis

Table II
Employment in Nebraska

	Revised January 1991	Preliminary February 1991	February % Change vs. Year Ago
Place of Work			
Nonfarm	736,500	743,599	4.8
Manufacturing	100,486	100,809	4.4
Durables	49,152	49,110	2.0
Nondurables	51,334	51,699	6.8
Mining	1,394	1,463	14.2
Construction	25,074	25,746	14.8
TCU*	45,814	45,847	0.4
Trade	187,278	186,334	3.0
Wholesale	51,019	50,878	-2.2
Retail	136,259	135,456	5.1
FIRE**	49,076	49,110	2.0
Services	182,916	186,122	8.2
Government	144,462	148,168	4.0
Place of Residence			
Civilian Labor Force	838,825	852,207	3.2
Unemployment Rate	2.7	2.8	

* Transportation, Communication, and Utilities
** Finance, Insurance, and Real Estate

Source: Nebraska Department of Labor

Table III
Price Indices

	February 1991	% Change vs. Year Ago	YTD % Change vs. Year Ago
Consumer Price Index - U* (1982-84 = 100)			
All Items	134.8	5.3	5.5
Commodities	125.7	4.2	4.7
Services	144.5	6.3	6.2
Producer Price Index (1982 = 100)			
Finished Goods	121.2	3.2	3.5
Intermediate Materials	115.5	2.7	2.7
Crude Materials	104.4	-2.3	2.2
Ag Index of Prices Received (1977 = 100)			
Nebraska	156	-4.3	-3.7
Crops	111	-12.6	-12.5
Livestock	185	0.0	0.5
United States	144	-4.6	-5.2
Crops	122	-8.3	-8.6
Livestock	166	-1.8	-2.6

U* = All urban consumers
Source: U.S. Bureau of Labor Statistics, Nebraska Department of Agriculture

Evidence that we continue in a recession comes from the Industrial Production Index which fell 0.8 percent in February. The Industrial Production Index has decreased consistently since the Iraqi invasion in August.

The unemployment rate has mirrored the Industrial Production Index over the last several months. The unemployment rate rose from 6.2 percent in January to 6.5 percent in February. The unemployment rate is a full percentage point higher than in July 1990.

Given the low levels of automobile sales, automobile production plans have been lowered for the second quarter of this year. Domestic auto producers plan to produce 14 percent fewer cars in the second quarter of this year than they did in 1990.

In conclusion, we are not out of the woods yet, but the rebound in consumer confidence implies that a rebound in consumer spending and an overall recovery is forthcoming.

The Nebraska Outlook

Retail sales in December remained troublesome. We have argued that the one area where the national recession has affected Nebraska is retail sales. The December figures support this thesis. For the state as a whole, total net taxable retail sales dropped 1.3 percent in December (Table V). Nonmotor vehicle sales fell 1.5 percent in December. For the year as a whole, net taxable retail sales increased 4.3 percent. This level of increase, however, trailed the overall inflation rate.

In Figure II, we display constant dollar retail sales using a newly constructed consumer price index for the state of Nebraska. Seasonally adjusted retail sales in constant dollar terms in the second half of the year were well below constant dollar sales in the first half of the year. Two spikes are evident, one in January and one in June. December constant dollar retail sales were at the lowest level for the entire year.

It has been suggested that we may have witnessed some shifting of sales from December into November. The data presented in Figure II for seasonally adjusted constant dollar sales, however, suggests that November sales levels were part of an overall softness for the second half of the year. The December drop appeared to be a departure from even these lower levels.

Nebraska's unemployment rate remains the envy of the nation. In January, Lincoln's unemployment rate of 2.0 percent was the lowest of all reported metropolitan areas. Lincoln's unemployment rate crept up to 2.3 percent in February. For the state as a whole, unemployment in February stood at 2.8 percent, well under half of the nation's unemployment rate of 6.5 percent.

The rate of increase in jobs remains high. The jobs increase in February over its year ago level was 4.8 percent (Table II), a figure slightly above the blistering

pace of 4.7 percent set in January. Job growth on a year–to–year basis has been a very satisfactory 2.5 percent to 2.8 percent for a long while. The recent, more dramatic gains will be difficult to maintain.

In conclusion, Nebraska appears to have weathered the recession of 1990-1991 with little impact. Job growth has been at levels well above those of the nation. As a result, unemployment rates have remained low. The only area where we have seen any evidence of a recession is net taxable retail sales. We hope to see a rebound in retail sales as the recovery in consumer confidence works its way through the Nebraska economy.

Correction

In the March 1991 issue of *Business in Nebraska*, we erroneously assigned the Small Business Administration (SBA) to the U.S. Department of Commerce. Glenn Davis, district director of Nebraska's one SBA office in Omaha, assures us that the SBA remains an independent agency of the federal government. We apologize for the error.

If you would like to contact the Nebraska office of the SBA, their address is:

Small Business Administration
11145 Mill Valley Road
Omaha, NE 68154

Table IV
City Business Indicators
December 1990 Percent Change from Year Ago

The State and Its Trading Centers	Employment (1)	Building Activity (2)
NEBRASKA	3.9	-3.4
Alliance	4.0	53.9
Beatrice	3.3	6.7
Bellevue	1.3	-51.2
Blair	1.3	41.0
Broken Bow	2.0	1254.2
Chadron	11.5	284.8
Columbus	5.3	13.3
Fairbury	1.0	-80.0
Falls City	7.9	4.6
Fremont	7.0	-21.1
Grand Island	5.8	8.0
Hastings	5.5	-7.0
Holdrege	2.9	43.8
Kearney	5.3	8.8
Lexington	7.8	78.2
Lincoln	2.0	4.3
McCook	1.5	-28.2
Nebraska City	-0.9	-64.9
Norfolk	9.1	-30.6
North Platte	2.7	213.9
Ogallala	8.9	-36.2
Omaha	1.3	-18.0
Scottsbluff/Gering	3.9	-11.2
Seward	5.7	-21.1
Sidney	5.2	994.5
South Sioux City	-0.9	-56.5
York	10.0	137.7

(1) As a proxy for city employment, total employment (labor force basis) for the county in which a city is located is used

(2) Building activity is the value of building permits issued as a spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Cost Index is used to adjust construction activity for price changes

Sources: Nebraska Department of Labor and reports from private and public agencies

Figure I
City Business Index
December 1990 Percent Change from Year Ago

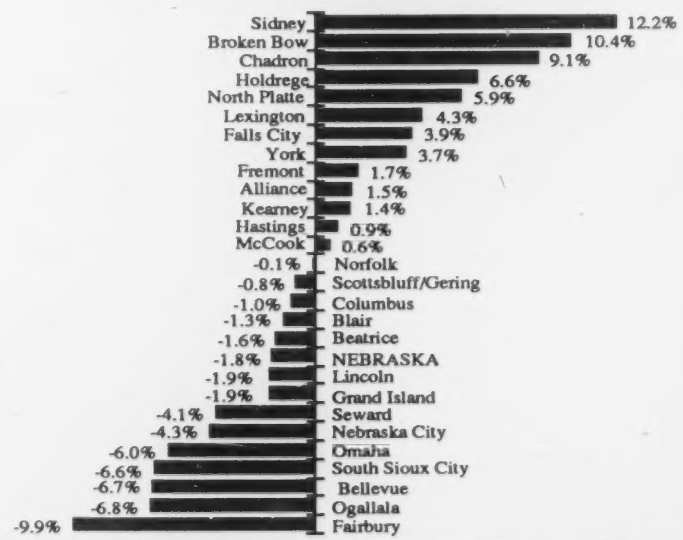
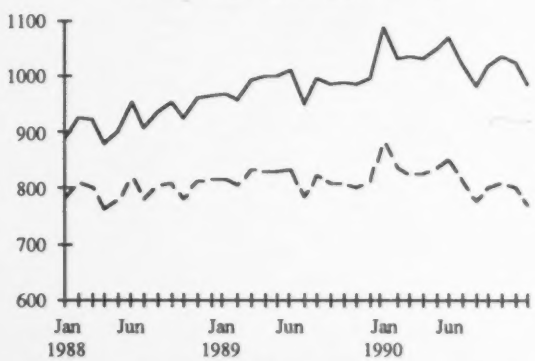


Table V
Net Taxable Retail Sales of Nebraska Regions and Cities

Region Number and City (1)	City Sales (2) December 1990 (000s)	City Sales (2) % Change vs. Year Ago	Region Sales (2) December 1990 (000s)	Region Sales (2) % Change vs. Year Ago	Region Sales (2) YTD % Change vs. Year Ago
NEBRASKA	$1,107,917	-1.5	$1,203,174	-1.3	4.3
1 Omaha	377,972	-6.9	448,326	-6.2	1.9
Bellevue	17,805	-2.5	*	*	*
Blair	5,619	-1.8	*	*	*
2 Lincoln	143,423	-0.5	158,115	-0.5	4.7
3 South Sioux City	7,004	1.5	8,692	1.2	19.0
4 Nebraska City	4,906	9.5	20,581	6.9	8.2
6 Fremont	20,091	5.9	34,467	4.6	7.6
West Point	3,697	6.0	*	*	*
7 Falls City	2,955	7.1	11,097	9.7	8.1
8 Seward	5,242	-6.6	16,087	-4.5	4.7
9 York	7,970	-5.1	16,748	-5.4	3.6
10 Columbus	18,720	-3.0	32,090	1.8	6.1
11 Norfolk	25,371	0.9	41,511	1.8	5.9
Wayne	3,689	12.5	*	*	*
12 Grand Island	42,848	-4.9	55,958	-6.2	0.9
13 Hastings	20,174	3.8	30,294	0.9	2.7
14 Beatrice	10,329	-1.6	21,252	-0.2	9.2
Fairbury	3,632	0.4	*	*	*
15 Kearney	25,147	3.4	32,953	2.1	4.6
16 Lexington	7,946	2.0	18,719	2.4	4.7
17 Holdrege	5,857	15.0	9,234	8.4	4.9
18 North Platte	20,963	4.7	25,517	5.7	6.2
19 Ogallala	5,075	-14.0	11,426	-0.1	2.3
20 McCook	10,432	10.2	14,156	10.6	6.5
21 Sidney	4,715	2.6	9,418	9.3	4.3
Kimball	1,989	7.6	*	*	*
22 Scottsbluff/Gering	29,248	2.1	30,732	1.1	4.3
23 Alliance	6,372	0.8	16,149	2.2	2.9
Chadron	3,443	0.7	*	*	*
24 O'Neill	5,092	-5.6	16,500	1.4	6.2
Valentine	3,559	15.8	*	*	*
25 Hartington	2,193	23.3	9,617	3.1	8.2
26 Broken Bow	4,251	-0.9	12,847	-3.5	2.3

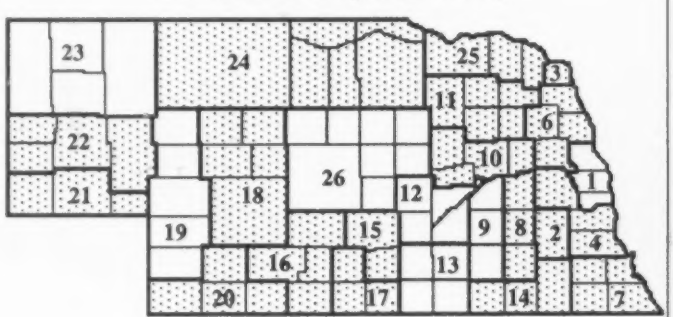
(1) See region map
(2) Sales on which sales taxes are collected by retailers located in the state. Region totals include motor vehicle sales
*Within an already designated region
Compiled from data provided by the Nebraska Department of Revenue

Figure II
Nebraska Net Taxable Retail Sales
(Seasonally Adjusted, $ Millions)



(1) The Consumer Price Index (1982-84 = 100) is used to deflate current dollars into constant dollars. Solid line indicates current dollars; broken line indicates constant dollars

Figure III
Region Sales Pattern
YTD as Percent Change from Year Ago



Shaded areas are those with sales gains above the state average. See Table V for corresponding regions and cities

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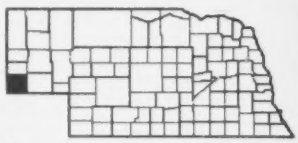
County of the Month

Kimball



Kimball—County Seat

License plate prefix number: 71
Size of county: 954 square miles, ranks 19th in the state
Population: 4,108 in 1990, a change of -15.9 percent from 1980
Median age: 32.0 years in Kimball County, 29.7 years in Nebraska in 1980
Per capita personal income: $17,155 in 1988, ranks 10th in the state
Net taxable retail sales ($000): $23,557 in 1989, a change of -8.6 percent from 1988; $25,732 during January through December 1990, a change of +9.2 percent from the same period one year ago
Number of business and service establishments: 178 in 1988; 66.9 percent had less than five employees
Unemployment rate: 3.4 percent in Kimball County, 3.1 percent in Nebraska for 1989
Nonfarm employment (1989):

	State	Kimball County
Wage and salary workers	705,672	1,404
	(percent of total)	
Manufacturing	13.4%	12.3%
Construction and Mining	3.6	11.7
TCU	6.5	6.6
Retail Trade	18.5	18.4
Wholesale Trade	7.6	6.6
FIRE	6.8	4.0
Services	23.7	10.8
Government	19.9	29.6
Total	100.0%	100.0%

Agriculture:
Number of farms: 348 in 1987, 344 in 1982
Average farm size: acres 1,531 in 1987
Market value of farm products sold: $17.3 million in 1987 ($49,620 average per farm)
Sources: U.S. Bureau of the Census, U.S. Bureau of Economic Analysis, Nebraska Department of Labor, Nebraska Department of Revenue

Merlin W. Erickson

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